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**Evolution of
Icelandic and Czech
development cooperation
in the context of
OECD DAC membership:**

**Potential directions
for the Baltics**



Afri | Ko

DISCLAIMER AND ACKNOWLEDGEMENTS

This paper has been produced by an independent Baltic non-profit organisation AfriKo (based in Vilnius, Lithuania) that is an active participant in various development cooperation activities. Though the research team has strived for impartiality throughout the research process, AfriKo's own experiences and views might have affected certain interpretations and insights presented in this paper. The research has been conducted under contract with a Lithuanian NGDO Platform, however, AfriKo is fully responsible for the ideas and content delivered. With an aim to analyse policy questions that do not necessarily have straight forward answers, AfriKo's research team (consisting of Lukas Ivanauskas, Mantė Makauskaitė, Eugenija Kovaliova and Gabrielė Narkutė) aspired to maintain an independent and open-to-different-opinions approach. Although limitations of funding¹ and, accordingly, scope of research (with its implications to various inferences provided) must be acknowledged, this approach has been found fruitful and AfriKo is considering deepening this research in the future.

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ABBREVIATIONS

CSOs	Civil Society Organisations
CzechAid	Czech Development Agency
EU	European Union
GNI	Gross National Income
LDCs	Least Developed Countries
MFA	Ministry of Foreign Affairs
NGDO Platform	Non-Governmental Development Cooperation Organizations Platform (Lithuania)
NGOs	Non-Governmental Organisations
ODA	Official Development Assistance
OECD	The Organisation for Economic Co-operation and Development
DAC	Development Assistance Committee
ICEIDA	Icelandic International Development Agency
CEE	Central and Eastern Europe
SDGs	Sustainable Development Goals
SMEs	Small and Medium Enterprises
WB	World Bank
UN	United Nations

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INTRODUCTION

The OECD Development Assistance Committee (OECD DAC) is a known knowledge and experience sharing platform in the development cooperation field that also contributes to setting international standards and guidelines for various development related policies. It is a membership-based forum (with 30 current members) that gives the opportunity for donors to not only coordinate their development activities and share best practices, but also actively participate and directly contribute to developing new norms for the global development cooperation community.

Baltic states and OECD DAC

Though all the Baltic states are members of the OECD and report their statistics on development cooperation flows, none yet belong to the OECD DAC as members. They acknowledge² the benefits of membership in general, however, given the requirements and obligations of membership (in combination with limited human capacity and financial resources), are not yet ready to join the DAC. What is more, at the moment each of the Baltic countries meet only 1 out of 3 requirements for joining OECD DAC - besides the presence of appropriate legal and institutional framework for development cooperation activities (which the Baltic states have in place) and a well-functioning monitoring & evaluation system, a country's official development assistance (ODA) has to reach at least 0.20% of GNI (or at least USD 100 million).³ While reaching required ODA levels is a challenge for all the Baltics, Latvian and Estonian MFAs expressed their efforts to gradually strengthen their development cooperation policy planning, implementation and evaluation capacities so they can eventually become DAC members and contribute productively to its activities. Both countries also seem to have more proactive engagements with OECD DAC experts and organize thematic workshops of national relevance.⁴ The Lithuanian MFA, alas, does not consider membership for the time being (though Susanna Moorehead's, Chair of DAC, letter-invitation to become a member of DAC was received in May 2019), and expressed a less active approach. Emphasizing the lack of human and financial resources required to fulfil responsibilities of being a member, Lithuania's MFA indicated concerns balancing membership's added-value and maintaining full participation in the European Union's formats.

While DAC membership is still in question, all Baltic MFAs indicated their existing relations with DAC and highlighted that non-DAC OECD members still have great opportunities to participate in the meetings and networks, establish contacts, and utilise OECD DAC's expertise and the policy guidance DAC has developed. Altogether there seems to be a common understanding of OECD DAC as a source of knowledge, however, the extent to which this knowledge is purposefully used (either from the perspective of foreseen DAC membership or generally improving development cooperation policies) varies.

² This section is based on the information received from the Baltic states MFAs in a written form via email. Two identical questions regarding their position on the membership and their experience with engagements with OECD DAC were asked.

³ OECD, "Joining the Development Assistance Committee (DAC)." <http://www.oecd.org/dac/dac-global-relations/joining-the-development-assistance-committee.htm>

⁴ For example, Estonian MFA organised a webinar (May 2020) together with OECD representatives and national stakeholders with a focus on current Estonian efforts to develop monitoring and evaluation system. Meanwhile, Latvian MFA recently invited Development Co-operation Directorate experts to remotely present current trends in development cooperation and private sector engagement in the context of expert discussions on Latvia's development cooperation policy post-2020.

Aim and objectives

The analysis seeks deeper exploration of opportunities provided by the OECD DAC and its lessons learnt, based on case studies from Iceland and the Czech Republic, that may be beneficial to Baltic states.

An overview of Iceland and the Czech Republic is provided here through the lens of five key topics: membership at the OECD DAC, development cooperation architecture (including institutional set-up, nature of consultations with stakeholders and evaluation and institutional learning practices), implementation of development cooperation agenda through bilateral and multilateral channels, thematic and geographical priorities and private sector involvement. Analysis of these topics results in recommendations to foreign policymakers of the Baltic states.

Iceland and the Czech Republic as case studies

Iceland

Iceland has been chosen due to interest in the small states perspective that both Iceland and the Baltic states share. An additional motivator was a curiosity to understand how a small country such as Iceland actively participates in the global development cooperation arena.

The Czech Republic

The Baltic states and the Czech Republic share a similar experience of post-communist transformation and identify this transitional experience as their thematic priority for development cooperation policy. In the context of other CEE DAC member states, Czech Republic also presents an interesting case due to its relatively long experience in including the private sector in development cooperation.

Methodology

Analysis of OECD DAC reviews and other related documents (Special reviews, Peer reviews, Peer review memorandums and Mid-term evaluation), other publicly available data (statistics, official documents, secondary literature)⁵ and e-mail interviews with the MFAs (4).

Based on Special and Peer reviews analysis, 10 semi-structured confidential expert interviews were designed and conducted online with OECD DAC representatives (1), experts / academics (3), development cooperation policy makers (5), representative of civil society (1).⁶

The analysis and interviews were carried out between March and June 2020. Interviews were conducted under confidentiality clauses in order to get the personal opinions and professional attitudes of interviewees based on their own experiences working in the field (as opposed to official positions of organizations they represent).

⁵ Analysed documents are listed in Bibliography.

⁶ 4 interviews with the stakeholders in the Czech Republic, 4 interviews with the stakeholders in Iceland, 1 interview with the 2 representatives of the OECD DAC, 1 interview in Lithuania with 1 person.

BRIEF STATISTICAL OVERVIEW OF 2017⁷

Bilateral-multilateral ODA allocations trends

(see table A, Appendix)

The Baltic States (71% of the ODA) and CEE countries (72.8% of ODA) tended to allocate most of their ODA through multilateral organisations. While the Nordics, EU, OECD and OECD DAC countries on average allocated twice less.

ODA allocation to and through multilateral organisations

(see table B, Appendix)

The Baltic States and CEE countries tended to allocate the most of their ODA mainly to and through the EU institutions (approx. 82%). Meanwhile, the EU, OECD and OECD DAC EU countries split their ODA allocations between the broader range of multilateral organisations (UN, WB, EU institutions, regional development banks and other institutions).

Recipient countries by their INCOME

(see table C, Appendix)

The Baltic States (3%) and CEE (5.9%) countries tended to allocate approx. 5 times less to the LDCs (least developed countries), than the common tendency of the Nordics, EU, OECD and OECD DAC countries (on average 21%). The Czech Republic, way above CEE's average, allocated 15.8% to LDCs.

Bilateral allocation by channel of DELIVERY

(see table D, Appendix)

The Czech Republic has allocated a significantly larger amount to the private sector (8.4%), while the common tendency between the so-called traditional donors (Nordics, EU, OECD, OECD DAC) is no more than 3.1% (average of the OECD DAC countries). What is more, the Czech Republic allocates twice more through NGOs than the average of other CEE countries, this way reaching the average of traditional donors. Meanwhile, Lithuania and Latvia from the Baltic States and Iceland from the Nordics, have allocated very little amount through NGOs (at least 3 times less than the Nordics, EU, OECD, OECD DAC countries on average).

⁷ Data extracted on 29 May 2020 from OECD.Stat. The statistics of 2017 was the most recent data available on the OECD database at the time when this overview was conducted. It is to be noted that this overview does not reflect ODA flow variations over time, therefore no far reaching conclusions can be made. The full sets of data mentioned in this chapter can be found in the Appendix.

KEY INSIGHTS AND RECOMMENDATIONS TO BALTIC FOREIGN POLICY MAKERS⁸

Membership at the OECD DAC:

1

Baltic states should firstly clearly identify what they, as development cooperation actors within a global community, want to achieve before deciding on a OECD DAC membership that requires political commitment.

None of our interviewees stated or even somehow implicated that membership is meaningless, though conversations were quite frank and open. Nonetheless, DAC membership should not be perceived as a goal in itself but rather as an intermediate objective and a potentially beneficial tool for enhancing both countries' development cooperation policies (via regular peer and mid-term reviews) and contributing to global standards and agenda setting. The Icelandic case suggests that OECD DAC could become a platform for Baltic states to influence the global development community's work and relevant standards in the areas of their interests and comparative advantages, yet meaningful participation requires having both technical expertise and clearly stated priorities. Additionally, the Czech experience shows that the process of becoming a DAC member and membership itself could create an extra stimulus to achieve development cooperation policy changes and potentially enhance its quality, as accountability to peers increases the importance of international standards. While there are some concerns regarding a perceived trade-off between participating in EU development cooperation mechanisms and OECD DAC, the Czech case has revealed that it does not seem to be a prominent dilemma for them. However, before taking a step further and becoming members, the Baltics can still make better use of their current status, which allows them to meaningfully participate in OECD DAC activities while gaining and sharing knowledge in areas of their strategic interests without having the opportunity to directly influence DAC decisions.

2

Baltic countries that are interested in taking structural reforms of their development cooperation could seek OECD DAC Special review,⁹ which would serve as an independent evaluation of the current state of policy and its implementation, commend what works well and point out areas that need improvement.

The Czech Republic was the first ever non-DAC country, which requested and received Special review quite in advance (2006-2007) before joining OECD DAC (2013) and it provided certain guidelines for changes in Czech development cooperation.¹⁰ Although the Special review could be perceived as a sort of indicator of a country's maturity and readiness to be exposed to external evaluators, the review should not be considered as an end in itself but one among other tools in order to achieve sustainable policy change providing competent inputs for national stakeholders to carry out informed policy debates.

⁸ Recommendations are generalized for all the Baltics though the research team acknowledges that in certain areas some Baltic states are more advanced than others.

⁹ Special review is a consultative process performed by DAC members, drawing on the DAC's experience and methodology in conducting Peer Reviews that is applied to the interested countries outside DAC's membership.

¹⁰ OECD (2007), *Special review of the Czech Republic*, OECD Development Co-operation Reviews, OECD Publishing, Paris.

Development cooperation architecture

3

Given limited resources and experience, Baltic MFAs should not solely rely on the expertise within their ministries, but also take advantage of the pool of development professionals within their countries (e.g. implementers, various experts, especially those who have work experience in international development organisations) by gathering them into a task force alongside other stakeholders for designing development cooperation policies.

The perception of development cooperation as a professional field that is distinct from other foreign policy areas emerged as a general theme (and concern that is difficult to address) during all 10 of the conducted interviews. Therefore, such a task force could serve as a platform where expert-focused policy debates take place in order to discuss such strategic questions as national development cooperation priorities, institutional setup, comparative advantages beyond buzzwords, financial instruments and meaningful engagements with international forums / organizations (OECD DAC, WB, EU, etc.). While the MFAs should take active leadership within these policy debates (by seeking to balance different interests of stakeholders), formulate and implement comprehensive policies, the task force would allow them to draw on existing expertise in the area that is still relatively new to each of the Baltic countries.

4

Baltic countries should carefully consider their development cooperation aspirations when making strategic decisions on whether to establish national development agencies and clearly identify mandates of institutions that would be part of the setup.

This research paper looked over two opposite directions of organisational reforms. In Icelandic case, incorporation of ICEIDA into the MFA eventually has been perceived as a positive political decision in terms of increased synergies between bilateral and multilateral aid by majority of interviewees. Yet there still are some concerns regarding tensions that emerged between development professionals and diplomats (that are more generalists) which Iceland is currently trying to address by building expertise within the MFA. The opposite direction has been taken by the Czech Republic that decided to establish an agency, yet initial lack of clarity on the nature of the newly established institution and supervision from the MFA have led to the current fragile situation when the mandates have to be reviewed and the process causes certain frictions among the stakeholders. Establishment of an agency should be well-thought through strategic political choice based on adequate evaluation of priorities and nature of a country's development cooperation (it's objectives, channels of delivery, existing professional capacities and ways to address lack of it). In general, significant attention should be given to clarifying mandates of various actors (MFA and its relevant units, agency, embassies and stakeholder engagement platform) within the national architecture of development cooperation.

Implementation of a development cooperation agenda through bilateral and multilateral channels

5

Baltic states should seek greater cohesion between their bilateral and multilateral aid and strategically decide to work with those multilateral organisations or participate in those instruments where they could meaningfully contribute with their own inputs based on comparative advantages and interests.

As OECD DAC recommendations suggest and evolution of Icelandic and Czech development cooperation policies shows, building synergies between bilateral and multilateral aid requires knowing what those countries want to achieve, what are their strengths and limitations, and where is it relevant to put their limited resources. Maintaining focus also allows countries to build expertise and be relevant to other development actors and contribute to the global development cooperation agenda (which is especially visible in Icelandic case). Some Baltic countries already follow this line (e.g. Estonia and its digital agenda) and seek to create synergies between different aid channels. Decisions on concrete ratios between bilateral, multi-bi and multilateral types of aid should be strategic and take into consideration tensions originating from different perspectives represented by national stakeholders and international development organizations.¹¹ While there is often a temptation for small donors to deliver their aid through multilateral and multi-bi channels (all the Baltics exceed 50% of their ODA here) instead of building their own bilateral capacities, it should not be perceived as an easy way out - Icelandic experience shows how a small country could seek to achieve both an impact on the ground and reputation of an active global development cooperation actor.

Thematic and geographical priorities

6

By identifying relevant niche approaches, building in-depth expertise and deliberately seeking measurable impact in specific development cooperation areas, Baltic states could not only overcome their occasionally visible inferiority syndrome originating from being a small donor, but also meaningfully contribute to the global development agenda with their perspectives.

Iceland's relative success to find its own niche within the global development community could be an inspiration for Baltic countries, showing how a relatively small donor with strategic geographic and thematic focus can establish itself as an appreciable development actor. There are neither magic numbers, nor simple answers to DAC recommendations for matching selection of geographical priorities with donor's comparative advantages and the needs of partner countries, especially for relatively new CEE development actors who are still searching for their niche approaches. The relevance of transitional experience that is usually perceived as CEE countries' comparative advantage (also by OECD DAC) needs to be rethought, as interviews with Czech stakeholders revealed that this narrative is often understood as a buzzword among professionals if it has no further clarifications in terms of more specific areas of relevant expertise and honest considerations how difficult it is to actually apply this experience in partner countries. Emphasizing the know-how in implementation of innovative reforms (such as e.governance, fintech regulations and similar initiatives) instead of relying on abstract transitional experience narrative could be a way to combine in this day and age relevant topics with relatively fresh institutions building expertise (that is still somewhat distinctive for the region).

¹¹ More on this topic: Bernhard Reinsberg (2017), "Five steps to smarter multi-bi aid: A new way forward for earmarked finance." *Overseas Development Institute*. <https://www.odi.org/sites/odi.org.uk/files/resource-documents/11497.pdf>



7

Baltic countries should seek to balance development cooperation as a tool of their neighbourhood foreign policy with the needs of a larger development cooperation community that gives specific attention to LDCs.

Although OECD DAC reviews do not explicitly impose recommendations regarding LDCs, Iceland's development cooperation is consciously focused on LDCs and has received praise from reviewers. This is likely because there is a global consensus to concentrate on those regions where development assistance is needed the most. A previously taken more pragmatic Czech approach was criticized by DAC peers due to the perceived promotion of Czech national interests instead of following broader development criteria (such as partner country needs and performance, potential impact, etc.) when identifying geographic priorities. A similar pragmatic tendency can be seen among the Baltics (the geographic focus is given to their own and EU neighbourhood mainly), however, the Czech efforts (also praised by DAC) to deliberately include the LDCs into their development cooperation policy as a half of their priority countries could serve as an example of reasonable balance.

Private sector inclusion



8

If Baltic countries are interested in including businesses in their development cooperation, they should design specific instruments with both the nature of their private sector and aspired developmental impact in mind.

Although there is a global trend to focus on involving private companies in development cooperation, Icelandic and Czech cases show that there is no blueprint on how to do this right, especially in the countries where SMEs dominate the sector (which is the case of the Baltics). Balancing business interests and developmental objectives is more complex for SMEs than larger and multinational companies that are more eager to contribute with their own resources. The latter case is usually promoted by international development organizations (with little focus on SMEs), therefore Baltic countries could look for experimental ways to work with their small but innovative companies. On the one hand, a certain level of flexibility should be maintained - for example, private sector focused instruments should not impose strict geographical or even thematic limits (at least initially) in order to generate a wider interest and better understand actual needs. On the other hand, Baltic states should be aware of risks emerging from the tendency to use these instruments pragmatically (for solely promoting businesses interests), which has been previously criticised by OECD DAC in the Czech case. Following DAC standards, the Baltics' efforts to attract companies into development cooperation activities should be based on the perception of private companies as conscious contributors (with their expertise and financial resources) rather than merely contractors of state funded development projects. An additional area of focus could be targeted exploration of existing EU instruments and ways to facilitate their use by the Baltic companies (which is a current course of action in Czech Republic).

Membership at OECD DAC

CASE STUDY: ICELAND

After the Special review was completed in early 2013 at the request of the Ministry of Foreign Affairs of Iceland, Iceland officially became the 25th member of the Development Assistance Committee. Since then, there has been one peer review of Iceland, performed in 2017.

For Iceland's stakeholders, membership in DAC became a source of accountability benchmark for development cooperation policy and implementation standards, used to strengthen their own proposals for a more effective development cooperation or to counter certain proposals by politicians, contradicting those standards. In 2008, before the accession to official membership in DAC, with the adoption of the Act on Iceland's International Development Co-operation (Act No.121/2008), DAC endorsed and produced recommendations¹² have officially become the benchmark for development cooperation policy-making and implementation.¹³ The decision to become a member of DAC has further strengthened commitment to professional standards of the development cooperation field and has been used as leverage against certain proposals by politicians (for example, tied aid and preference of certain businesses).¹⁴ It was also named as the most important role of DAC by all interviewees.¹⁵

Membership in OECD DAC allows a relatively small development cooperation actor like Iceland to participate and influence international policy-making alongside and on equal terms as other heavyweights within the arena, provided there are clear strategic goals and priority areas identified. Almost all interviewees indicated¹⁶ that membership in OECD DAC allows to have an actual influence on issues that matter and cooperate with other donors to exercise needed change "instead of being small on our own".¹⁷ Besides, OECD DAC is especially beneficial as a source of knowledge for states with lesser human resources and limited capacities such as Iceland.¹⁸ However, in order to fully benefit from DAC membership, in the opinion of interviewees, the country needs to know very clearly what the ultimate aim of membership is. Does the country only want to be updated on the issues at hand? Or exercise actual influence in setting international standards of development cooperation - the aim that interviewees explicitly endorsed.¹⁹ The need to have a clear understanding of the country's goals has been echoed by OECD officials, citing that not being a member of DAC does not preclude a country from engaging with DAC and participating in information exchange. However, full membership in DAC does open up opportunities to have actual influence alongside other members.²⁰

¹² Together with various internationally endorsed development cooperation standards (such as Paris Aid Effectiveness declaration, the Accra Agenda for Action and the Busan outcome document).

¹³ Althingi (2008), *Act on Iceland's International Development Cooperation* (Act No. 121/2008), Althingi, Reykjavik; 2 Research interviews.

¹⁴ 2 Research interviews.

¹⁵ 4 Research interviews.

¹⁶ 3 Research interviews.

¹⁷ Research interview.

¹⁸ 3 Research interviews.

¹⁹ 3 Research interviews.

²⁰ Research interview.

Iceland's development cooperation architecture

Icelandic stakeholders have indicated that the benefits of membership in OECD DAC outweigh the challenges posed by factually scarce resources, and all expressed strongly that these can be overcome by knowing your strengths and having a direction / being selective and strategic on your approach. While membership requires a constant supply of information to OECD DAC and other inputs by national institution in charge²¹, the interviewees strongly defended the benefit of the membership for effective and up-to-date national development cooperation.²² In the words of one of the interviewees, "I think at the end of the day the benefits are better than the costs that might be".²³ Moreover, for greater benefit (knowing the right people, collecting relevant information), in the opinion of interviewees, it is crucial to maintain a professional physically present in Paris (OECD DAC headquarters). In fact, one of the interviewees pointed out that the opposite would be more costly not only because of regular commuting from the capital to Paris but also missed opportunities to be an active part of informal networks which are perceived as having significant importance.²⁴

Iceland's institutional set-up

In the OECD DAC's Special review, three institutional frameworks that were common to DAC members were distinguished, where either policy and implementation were separated between MFA and agency accordingly, or aid management was incorporated into MFA's portfolio with or without clear division between development cooperation and other foreign policy areas. In the special review, DAC's reviewers proposed to reconsider Iceland's institutional framework as both policy and implementation functions of humanitarian assistance, multilateral and multi-bi aid used to be under MFA, while simultaneously development agency ICEIDA was responsible for the implementation of bilateral aid.²⁵ In other words, policy and implementation were not fully separated, and the existence of an implementation agency is useful only when all the development cooperation implementation is concentrated there. As a result, Iceland's institutional reform has been based on suggestions (merging ICEIDA into MFA among them) provided in MFA's initiated external review of Iceland's development organisation structure in 2014 which was considered as a response to the recommendation of the Special review.²⁶

In late 2015,²⁷ Iceland's political decision to concentrate its development cooperation policy in one place and merge ICEIDA (managing around 40% of ODA) into the MFA (managing around 60% of ODA), revealed certain tensions between the development cooperation as a distinct professional field and other foreign policy areas. On the one hand, the reasoning behind these rearrangements were based on the need for internal harmonisation and effectiveness by simplifying institutional structure,²⁸ and achievements of these goals were praised by an OECD DAC peer review.²⁹ Several interviewees who were sceptical about this decision admitted that the incorporation of ICEIDA into the MFA has opened up an opportunity for knowledge exchange between the MFA diplomats and development

³⁰ Research interview.

³¹ 3 Research interviews.

³² Research interview.

³³ Research interview.

³⁴ OECD (2013), *Special review of Iceland*, OECD Development Co-operation Reviews, OECD Publishing, Paris.

³⁵ Government of Iceland (2016), "OECD DAC peer review of Iceland: memorandum", Government of Iceland, Reykjavik.

³⁶ While the legal foundation of the new institutional framework was adopted in late 2015, the new institutional set-up has been practically introduced since 1 January 2016.

³⁷ Government of Iceland, "OECD DAC peer review of Iceland: memorandum"

²⁹ OECD (2017), *OECD Development Co-operation Peer Reviews: Iceland 2017*, OECD Development Co-operation Peer Reviews, OECD Publishing, Paris.

professionals of the former agency who had had little awareness of multilateral aid and general policy-making procedures, thus ICEIDA incorporation into the MFA created conditions of better cohesion between bilateral and multilateral work.³⁰ On the other hand, all our interviewees had a strong sense that the development cooperation is as a sort of industry in itself that requires special expertise and certain professional attitudes (especially bilateral aid and on-the-ground initiatives) that were previously concentrated within the agency,³¹ and are not necessarily present among MFA diplomats to whom development cooperation is not necessarily their own chosen or even desirable field of work.³² The current situation is perceived as improving with increasing MFA's comprehensiveness of particularities of the field, recruiting development experts and creating various opportunities to enhance their competence in the field.³³

Iceland's consultations with stakeholders

Despite Iceland's attempts to introduce different frameworks to strengthen informed and systematic consultations with Iceland's development stakeholders (as promoted by OECD DAC and recommended in both Special³⁴ and Peer reviews³⁵), their meaningful inclusion into the policy-making process is still challenging. Discussions on Iceland's development policy formulation and monitoring of its implementation take place at the Committee on International Development Cooperation, which gathers both politicians (one member representing each parliamentary party) and national development actors, including representatives from CSOs, academia and social partners, that are appointed by the MFA for a 4-year period.³⁶ Though composition of the Committee appears relevant (especially the presence of politicians encouraged by DAC), the promise of its meaningful inclusion into the policy making process seems yet to be delivered - it is perceived as "powerless" by some interviewees, and its meetings are considered as more informative than substantially contributing to policy choices that are mainly made by the MFA³⁷ (e.g. one interviewee indicated a decision to remove priority status from Mozambique was not even discussed there).³⁸ At the same time Development Committee is criticised because of lack of interest from politicians³⁹ and the tendency of other stakeholders to promote their own interests rather than engage into more strategic and general issues that have no immediate relation to their matters (dependency from MFA's funding of some of them should also be taken into consideration).⁴⁰ The involvement of academics (4 people - 2 primaries and 2 deputies) into the Committee does not necessarily solve this issue. Research interviews and analysis of academics' backgrounds suggest that the current representatives are more practitioners in the sense that their backgrounds resemble Iceland's thematic priority areas (public health, gender equality, fisheries) rather than general expertise in development cooperation policies. Also, meaningful participation of stakeholders requires sufficient competence in the development cooperation field - as one interviewee noted, when evaluations are shared with Committee's members, they rarely receive feedback either due to lack of interest or technical expertise.⁴¹

³⁰ 2 Research interviews.

³¹ 4 Research interviews.

³² 4 Research interviews.

³³ 2 Research interviews.

³⁴ OECD, *Special review of Iceland*

³⁵ OECD, *OECD Development Co-operation Peer Reviews: Iceland 2017s*.

³⁶ Government of Iceland, "OECD DAC peer review of Iceland: memorandum".

³⁷ Research interview.

³⁸ Research interview.

³⁹ 3 Research interviews.

⁴⁰ 2 Research interviews.

⁴¹ Research interview.

Evaluation and institutional learning

Both the Special⁴² and Peer⁴³ reviews have emphasised that evaluations should serve as a basis for informed decision-making, while building evaluation culture takes time and requires clear identification of what country wants to achieve. Though Iceland tends to perceive evaluations as a tool for accountability and institutional learning, there is no straightforward relationship between evaluations and policy decision making. As one interviewee noticed, the decision-makers from MFA are generalists who lack expertise in this field, as a result evaluations mostly inform more technical MFA staff that indirectly try to influence policy decisions.⁴⁴ This complexity can be partially explained by the agency and MFA merging process, as ICEIDA used to have a more mature evaluation culture.⁴⁵ However, an independent and impartial evaluation unit within the Ministry has been established in 2016 and the Director of Evaluation (the only working person within the unit) reports directly to the Minister since the introduction of the current organisational set up in 2016. This is in line with the OECD DAC's standards and has been acknowledged by DAC's peers who noticed that having external evaluation functions contributes to Iceland's knowledge gains through informal in-house discussions and follow-up actions.⁴⁶ Currently, Iceland evaluates their bilateral aid by contracting external consultants and relies on supported international organisations' assessments for its multilateral and multi-bi aid. Nonetheless, there are attempts to assess Iceland's whole multilateral aid, yet a strategy for multilateral development cooperation is needed as a benchmark in order to make any evaluation possible in the first place.⁴⁷

Implementation of development cooperation agenda through bilateral and multilateral channels

Being guided by clear strategic directions and priorities, established within its development cooperation policy, Iceland continues to reinforce its role as an “active”, “principled”, “influential”, “valued” partner within the OECD DAC and priority multilateral organisations,⁴⁸ making the best use of its multilateral investments despite factually modest resources and capacities. Effective and targeted participation in chosen multilateral development cooperation channels with a thematic focus on development cooperation areas where Iceland has comparative advantage and experience is established as an ongoing commitment by the MFA throughout its development cooperation strategy for years 2019-2023.⁴⁹ This strategy is a continuation of Iceland's long-term policy of being a strong voice in multilateral settings on key global development issues and OECD DAC has been commending Iceland for achieving such an influential position.⁵⁰ It particularly highlights Iceland's ability to play to its strengths in the areas of gender equality, geothermal energy, fisheries' management, and land restoration and successfully not only contribute to ongoing debates, but also champion innovative approaches and kick off new initiatives, despite Iceland's small diplomatic capacity.⁵¹ Iceland is using its contributions to multilateral organisations in a strategic way, expanding its thematic reach beyond its bilateral cooperation and thus making efficient use of allocated multilateral funds. In the words of one of the interviewees: “if you spread your funds, you are not going to make any influence, nobody is going to listen to you. If you want to be a player in the field you need to bring in money and prioritise, have more money in fewer places”.⁵²

⁴² OECD, *Special review of Iceland*.

⁴³ OECD, *OECD Development Co-operation Peer Reviews: Iceland 2017*.

⁴⁴ Research interview.

⁴⁵ Research interview.

⁴⁶ OECD, *OECD Development Co-operation Peer Reviews: Iceland 2017*.

⁴⁷ Research interview.

⁴⁸ OECD (2020), *Development Co-operation Profiles*, OECD Publishing, Paris; OECD, *OECD Development Co-operation Peer Reviews: Iceland 2017*; OECD, *Special review of Iceland*.

⁴⁹ Government of Iceland (2018-2019), *Parliamentary Resolution on Iceland's policy for international development cooperation for 2019-2023*. From the Minister of Foreign Affairs, 149th legislative assembly 2018-2019 Parliamentary document 1424 – item 345 Government proposal.

⁵⁰ OECD, *Special review of Iceland*; OECD, *OECD Development Co-operation Peer Reviews: Iceland 2017*.

⁵¹ OECD, *OECD Development Co-operation Peer Reviews: Iceland 2017*.

⁵² Research interview.

Iceland has achieved a solid synergy between its different channels of aid, a success attributed to its focused identification of priorities, as well as to an institutional reform whereas the development agency was merged into the MFA structure. Iceland is explicitly acknowledging that increasing synergies between bilateral and multilateral development co-operation and humanitarian assistance is a priority, especially seeking the continuous improvement of results and efficiency.⁵³ OECD DAC has commended the way Iceland has chosen its multilateral partnerships (both core and non-core⁵⁴) to complement its bilateral efforts and based on identified thematic priorities and areas of strength.⁵⁵ It has been cited by the interviewees that merging of bilateral development agency, ICEIDA, within the MFA in 2016 has contributed to an increased synergy,⁵⁶ with one interviewee citing that such coherence, with particular success in multi-bi approaches, would not have been possible without the merging.⁵⁷

While OECD DAC praises Iceland's distribution of funds across multilateral, bilateral and multi-bi channels, interviewees indicate various tensions resulting from current choices, especially advocating for more bilateral funding. OECD DAC has been appreciating Iceland's commitment to multilateralism and funding of international development organisations especially through continuous core-funding.⁵⁸ However, interviewees suggest that they wish to see a bigger focus on or even higher allocations of funds to bilateral aid⁵⁹ (which as of 2018 stands at 47% of all ODA, without bilateral aid channelled through multinational organisations amounting to further 35% of all ODA⁶⁰). The interviewees cited that allocations through multilateral or multi-bi channels are not contributing to building national capacities within development cooperation,⁶¹ and perceive such allocations as an easy way out to maintaining necessary ODA levels instead of having direct engagements with beneficiaries.⁶² Interviewees criticised that allocation of funds to or through multilaterals is not an effective use of funds and it becomes difficult to track and evaluate how the funds were used,⁶³ in words of one of the interviewees: "With the little money [we have] we should try to make a difference not in Washington or other international institutions, but where poor people live".

Thematic and geographical priorities

Though working with a small set of thematic and geographical priorities is acknowledged to be challenging and somewhat limiting, there seems to be a general consensus among Icelandic stakeholders that OECD DAC advocacy for very few focus areas and partner countries is reasonable if achieving tangible impact is an aspiration. Even before joining OECD DAC Iceland has been rather focused in its development cooperation activities – 5 partner countries were mainly selected by their interest in fisheries and renewable energy development, areas where Iceland was seen to have its comparative advantage.⁶⁵ Though politicians tend to push for broader geographical coverage and wider ranges of activities, the tendency is still to remain niche and focused.⁶⁶ As of now, Iceland has 2 bilateral partner countries with local presence (Uganda and Malawi) and 3 focus countries

⁵³ Government of Iceland, *Parliamentary Resolution on Iceland's policy for international development cooperation for 2019-2023*.

⁵⁴ Non-core multilateral ODA or multi-bi ODA usually refers to funding earmarked for a specific sector, theme, country or region through multilateral institutions. Such funding is reported as bilateral ODA, even if it is channelled through multilateral organisations. Source: OECD DAC (2010), "DAC Statistical Reporting Directives", Development Cooperation Directorate DAC.

⁵⁵ OECD, *OECD Development Co-operation Peer Reviews: Iceland 2017*.

⁵⁶ 2 Research interviews.

⁵⁷ Research interview.

⁵⁸ OECD, *OECD Development Co-operation Peer Reviews: Iceland 2017*.

⁵⁹ 3 Research interviews.

⁶⁰ OECD, *Development Co-operation Profiles*.

⁶¹ Research interview.


⁶² Research interview.

⁶³ 2 Research interviews.

⁶⁴ Research interview.

⁶⁵ OECD, *OECD Development Co-operation Peer Reviews: Iceland 2017*.

⁶⁶ 2 Research interviews.



(Mozambique, Palestine, and Afghanistan),⁶⁷ which can be seen as an attempt to balance more in-depth engagement in countries identified as priority with an interest to remain involved in somewhat politically (or otherwise) important states. Most of the interviewees acknowledged that these decisions are needed, but tough, and also come with certain risks – for example, if a bilateral partner country experiences some sort of issues (corruption, natural disasters, etc.) it becomes hard to utilize the funding as it cannot be easily diverted elsewhere.⁶⁸ To increase the number to 3 bilateral partner countries has been mentioned as an ideal scenario that would give a bit more flexibility but at the same time would keep development cooperation focused and impactful.⁶⁹

With the aim of being able to identify the actual impact of its bilateral development cooperation activities, Iceland, as a small donor, applies a district rather than national level approach in its partner countries (Malawi and Uganda). Though national-level authorities are involved in identifying specific districts based on certain criteria (situation in sectors of interest, governance capacities, etc.), the programmes are tailored to the needs of those districts (mostly in the areas of health, education, water and sanitation – what is called “social infrastructure” in Iceland’s policies⁷⁰) and implemented with district-level partners.⁷¹ The interviewees were quite fond of this approach and emphasised the importance of being able to evaluate the impact of Iceland’s support and track the progress of certain indicators that would otherwise be hard to grasp on a country level.⁷² OECD DAC peers have recognized the advantages of such an approach though also emphasised the need to work more with national government in order to increase the sustainability of the actions by ensuring government ownership and national funding.⁷³

Being focused and niche allows Iceland to confidently establish its relevance for both partner countries and the larger development cooperation community instead of suffering from an inferiority complex that is sometimes common among other small donors. The narrative of lack of resources (financial or human) as a key issue of performance has not been brought into conversations during the interviews with Icelandic stakeholders – on the contrary, the strategic approach and advantages of a small donor have dominated. Flexibility, a quick decision-making process and, especially, the depth of knowledge in the areas of focus (which is often missing among larger donors due to their wide scope of activities) have been mentioned as key benefits of small, but smart and strategic donors. In the words of one of the interviewees, having fewer eggs in your basket means that you really care about them and you put a lot of effort into actually making the project happen and deliver quality results.⁷⁴ Iceland is also deliberately involved in various donor coordinative bodies (especially with Nordic countries) to not only seek a division of labour but also proactively share their own know-how gained in their priority areas – an approach that is also praised by OECD DAC.⁷⁵

⁶⁷ “Bilateral partner countries” means that Iceland has a presence in those countries and supports the development of social infrastructure by supporting certain district authorities. Countries that are considered focus countries are states that receive significant and defined support from Iceland in order to carry out their development policies. Iceland does not maintain a presence in the countries but supports societal reconstruction via multilateral organisations and CSOs (Parliamentary Resolution on Iceland’s policy for international development cooperation for 2019-2023.)

⁶⁸ 2 Research interviews.

⁶⁹ 2 Research interviews.

⁷⁰ Government of Iceland, *Parliamentary Resolution on Iceland’s policy for international development cooperation for 2019-2023*.

⁷¹ Research interview.

⁷² Research interview.

⁷³ OECD, *OECD Development Co-operation Peer Reviews: Iceland 2017*.

⁷⁴ Research interview.

⁷⁵ OECD, *OECD Development Co-operation Peer Reviews: Iceland 2017*.

Private sector inclusion

Though intentions to involve the private sector are becoming more visible in Iceland's development cooperation agenda, it is not a clearly expressed priority and specific measures are yet to gain pace. The DAC Peer Review acknowledged Iceland's recognition of "the value of aid as a catalyst for development finance" and the role of the private sector in achieving SDGs, and at the same time mentioned a lack of instruments to facilitate that role.⁷⁶ Certain changes have taken place since then and Iceland's new policy for international development cooperation for 2019-2023 gives some attention "to increasing the leverage of public development cooperation with participation from private sector actors" and refers to "Iceland's commitments to the OECD DAC as a basis for private sector partnerships".⁷⁷ In 2018 the financial instrument 'Global Goals Cooperation Fund' was also introduced with the aim of providing funding opportunities for private sector projects in the development cooperation field. The fund can cover up to 50% of needed investment (limited to 200.000 EUR in 3 years), and, according to one of the interviewees, a couple of grants have already been provided, but the progress is still quite slow.⁸⁰

The geothermal energy sector is seen as the most promising when it comes to collaboration with the private sector and Iceland is encouraged to build on its expertise given the country's "comparative advantage as a donor" in this area by OECD DAC.⁸¹ Iceland indeed already has experience with geothermal energy projects in East Africa and continues to collaborate and fund such bodies as UNEP in this area.⁸² Though attracting private sector and their additional funding seems to be challenging,⁸³ Peer Review (2017) acknowledges Iceland's intention to "clear the bottlenecks to private sector investment" by carrying out costly exploration activities and building local knowledge by working with communities on the ground.

Though the global agenda to collaborate more with the private sector is acknowledged by Icelandic stakeholders, it is approached rather carefully and with clear emphasis that development cooperation funding should not be "spent on business development or for overseas expansion of business enterprises".⁸⁴ This narrative has been repeated during the interviews by drawing attention to the fact that the private sector should not be a beneficiary, but a contributor to the development agenda and bring additional investments and/or expertise.⁸⁵ However, Iceland's limited private sector know-how of working in LDCs, in combination with perceptions about business risks there, makes it hard to attract significant interest from private companies, especially when their own contribution is required.⁸⁶ In other words, it is still an unresolved riddle rather than a clear pathway towards meaningful engagement with the private sector, even though the political interest seems to be there.⁸⁷

⁷⁶ Ibid.

⁷⁷ Government of Iceland, *Parliamentary Resolution on Iceland's policy for international development cooperation for 2019-2023*.

⁷⁸ Government of Iceland (2019), *Foreign Affairs Excerpt from the Report of the Minister for Foreign Affairs of Iceland to the Parliament 2019*.

⁷⁹ Government of Iceland (2018), *Rules for the Ministry for Foreign Affairs on grants from the Fund for collaborating with businesses on the UN Global Goals*.

⁸⁰ Research interview.

⁸¹ OECD, *OECD Development Co-operation Peer Reviews: Iceland 2017*.

⁸² The Environment Fund and the Fair Share (2020), "Iceland, a world leader in clean energy, supports Africa's push for geothermal power", *UN Environment Programme*. <https://www.unenvironment.org/news-and-stories/story/iceland-world-leader-clean-energy-supports-africa-push-geothermal-power>

⁸³ Research team did not have data on this topic.

⁸⁴ Government of Iceland, *Parliamentary Resolution on Iceland's policy for international development cooperation for 2019-2023*.

⁸⁵ 2 Research interviews.

⁸⁶ 2 Research interviews.

⁸⁷ Research interview.

CASE STUDY: THE CZECH REPUBLIC

Membership at OECD DAC

The Czech Republic entertained an ambition to join OECD DAC for a number of years⁸⁸ and the first review of the country's development cooperation was performed in 2007, but it only joined DAC in 2013. Since then, there was also a peer review performed in 2016 and a mid-term review in 2019.

Joining DAC is perceived by interviewees mostly as a sign of prestige⁸⁹ and recognition of being an important, serious, professional, or even “the best in Central Europe”⁹⁰ actor within the development cooperation community. Membership in OECD DAC, as well as membership in the EU, are recognised as a sign of being accepted among the rest of the developed world.⁹¹

Interviewees also recognised that membership in OECD DAC opens up opportunities to tap into existing expertise of other member states, as well as receiving relevant recommendations for improving the country's development cooperation.⁹² The value of recommendations outlined in the peer review have been acknowledged by the MFA in its Development Cooperation strategy for 2018-2030.⁹³ However, other potential benefits (for example, sharing own experiences and shaping international policies), were not prominently discussed by any of the interviewees. Therefore, it is difficult to judge whether Czech development cooperation actors fully utilize OECD DAC membership bestowed opportunities, in a similar way that, for example, Iceland's stakeholders indicate that they do.

However, there is a doubt whether performed DAC reviews can have any real influence on development cooperation policies and implementation in case national policymakers decide to not follow DAC standards and best practices. In this light, a couple of interviewees indicated that prepared reviews are too diplomatic to point out bigger shortcomings within Czech development cooperation and that reality is hidden in the diplomatic language.⁹⁴ Though the most recent mid-term review has commended the Czech Republic in progressing to implement 11 out of 16 of the DAC's 2016 recommendations,⁹⁵ seemingly demonstrating that it has been influencing the ongoing transformation, some interviewees (non-state actors) questioned whether current changes represent actual progress of Czech development cooperation and attributed this to lack of political commitment.⁹⁶

⁸⁸ Research interview.

⁸⁹ 3 Research interviews.

⁹⁰ Research interview.

⁹¹ 2 Research interviews.

⁹² 4 Research interviews.

⁹³ Ministry of Foreign Affairs of the Czech Republic (2017), “Development Cooperation Strategy of the Czech Republic 2018–2030”.

⁹⁴ Research interview.

⁹⁵ OECD DAC Deputy Director (2019), *Czech Republic Mid-term review, 13 June, Prague*.

⁹⁶ 2 Research interviews.

Czech institutional set-up

While Special review stressed the need to clearly separate Czech development policy and strategy within the MFA and leave implementation to the Agency,⁹⁷ ensuring this division of labour in practice is a complex issue affected by personal dynamics and existing capacities. Based on the Special review recommendations that contributed to the Czech development policy transformation in the late 2000s, the establishment of the Czech Development Agency in 2008⁹⁸ is perceived as one of the key moments in the relatively short Czech development cooperation history. However, the transformation of Czech development cooperation implementation has eventually developed differently than OECD DAC recommended. Although Special review noted that Development Centre of the Institute of International Relations, which used to serve as MFA's advisory body and supported them in exercising various development cooperation functions, "should form the nucleus of the new agency,"⁹⁹ there is little of its actual legacy in the Agency.¹⁰⁰ There is also a difference between formal regulations and actual informal dynamics between the MFA and the Agency - although the relationship is hierarchical and responsibilities are clear on the paper, they have never been straightforward and were often affected by certain personal dynamics. Nevertheless, practices of coordinating efforts between the MFA, Agency, and embassies (when it comes to implementation on the ground) and seeking consensus between the Agency and the MFA are said to be present when strategic questions are discussed (e.g. the development of concrete programmes for priority countries).¹⁰¹

Maintaining a balanced relationship between the MFA and the Agency requires deliberate efforts from the very beginning, especially when it comes to ensuring informed decision making and engagement with other stakeholders.

Due to initially created ambiguities regarding the organisational nature of the Agency ("between NGO and public institution") and the lack of clear guidance from the MFA on the specific content of development cooperation policies, the Agency was perceived as too independent and its previous activities not necessarily always reflected MFA's position. As a matter of change, the recent dynamics between the MFA and Agency could be described as "fragile" and marked with efforts to reshape the Agency by imposing MFA's authority over it.¹⁰² These tensions have also coincided with weakening capacities of the Agency, according to some interviewees, due to the high turnover of people and the recent loss of many previous employees that left for work in NGOs. The main focal point of consultations with implementers has also shifted from the Agency towards the MFA because the Agency does no longer have sufficient autonomy to make decisions. As a result, one interviewee noticed that many technical issues are not sufficiently addressed because development-related questions are now mainly discussed on a political level (MFA), resembling the existing difference between development professionals and diplomats-generalists that lack sufficient competence and capacities in the field.¹⁰⁵ Similar concerns were also expressed in the OECD DAC Czech Republic Mid-term review.¹⁰⁴

⁹⁷ OECD, *Special review of the Czech Republic*.

⁹⁸ Ministry of Foreign Affairs of the Czech Republic (2016), "OECD Development Assistance Committee peer review: memorandum of the Czech Republic", Ministry of Foreign Affairs, Prague and research interview.

⁹⁹ OECD, *Special review of the Czech Republic*.

¹⁰¹ 2 Research interviews.

¹⁰² 2 Research interviews.

¹⁰³ 2 Research interviews.

¹⁰⁴ 3 Research interviews.

Czech consultations with stakeholders

Official Czech consultations with development stakeholders' structure is perceived more as a forum for an exchange of information that lacks not only decision-making power but also serious policy debates. The official Czech development coordination body is the Council for Development Cooperation which is more bureaucratic in its composition, as it is dominated by public institutions with the exception of the Czech Forum for Development Cooperation and Business Platform for Development Cooperation. In contrast to its Icelandic counterpart, the academic community and parliamentarians are not included.¹⁰⁵ The Peer review recommended extending consultations on strategic questions with the parliamentarians because it could broaden political ownership, just as knowledge gathered in the civil society, think tanks and universities could also be better included into the policy making.¹⁰⁶ However, the Council itself does not seem to deliver the promise of inclusive decision-making and is perceived more as a forum where the MFA and other public institutions present what they are doing. Moreover, the participation of a large number of stakeholders and restricted time pose obstacles to not only having more meaningful, in-depth discussions on strategic questions but any discussions at all (as one interviewee said, "50 people sitting for 2 hours - no time for discussions").¹⁰⁷

The relationships between the policymakers – the MFA and Agency – and various stakeholders is between partners and watchdogs, while policymakers perceive their role as impartial moderators of different interests of national stakeholders. The majority of Czech interviewees (3 out of 4) indicated that the relationship between stakeholders (especially Czech CSOs) and Czech development cooperation policy makers represents a relatively healthy debate that takes place through various formal and informal mechanisms.¹⁰⁸ According to Peer review, Czech CSOs (implementing approximately 45% of bilateral projects) are not only "a key asset and an integral part of development co-operation" but also "crucial advocates for development co-operation with politicians and the public".¹⁰⁹ Czech CSOs are considered as both historically strategic partners and watchdogs of Czech policymakers that also regularly monitor and actively engage in Czech development cooperation policy (as one interviewee said "NGOs are following us on every step, though no one is pushing them to be involved").¹¹⁰ On the one hand, CSOs were perceived as one of the key allies of the MFA during structural Czech development reforms in the late 2000s.¹¹¹ On another, there are some tensions between CSOs and Czech development policy-makers due to the recent attempts of officials to diversify the pool of development actors (especially private sector) as well as restricting co-funding opportunities to 6 national priority countries.¹¹² Although CSOs do not perceive inclusion of more private sector into development cooperation as a purely negative aspiration as long as it follows development cooperation principles, there are concerns about the way this diversification takes place by increasing competition for the same amount of funding.¹¹³ Although there is some criticism on CSOs as watchdogs and partners because of their dependency on public funding,¹¹⁴ collaboration between academics and CSOs are potentially strengthening their role and increasing impartiality. Czech Forum for Development Cooperation, representing CSOs, is the only platform where academics are institutionally involved in the development cooperation. The Forum gathers and uses experts from think tanks and universities whose knowledge is perceived as

¹⁰⁵ OECD DAC Deputy Director, *Czech Republic Mid-term review, 13 June*.

¹⁰⁶ Ministry of Foreign Affairs of the Czech Republic, "OECD Development Assistance Committee peer review: memorandum of the Czech Republic."

¹⁰⁷ OECD DAC Deputy Director, *Czech Republic Mid-term review, 13 June*.

¹⁰⁸ 3 Research interviews.

¹⁰⁹ 3 Research interviews.

¹¹⁰ Ministry of Foreign Affairs of the Czech Republic, "OECD Development Assistance Committee peer review: memorandum of the Czech Republic."

¹¹¹ *Ibid*; research interview.

¹¹² Research interview.

¹¹³ 2 Research interviews.

¹¹⁴ Research interview.

¹¹⁵ Research interview.

valuable due to the lack of capacities on more analytical work within both Forum and its NGOs (that are usually concerned with more practical issues such as fundraising, implementation, and advocacy).¹¹⁵

Evaluation and institutional learning

The peer review (2016) described Czech evaluation culture as still developing and emphasized that OECD DAC members' experience shows that leadership of development policymakers, indication of how evaluations contribute to decision making and strong technical capacity are vital conditions for the enhancement of evaluation and institutional learning.¹¹⁶ The Czech MFA has one person responsible for evaluations that are conducted by external evaluators and their results are presented to the Council. The peer reviewers were concerned about the Czech's limited technical capacities, lack of clarity of strategic choices about what to evaluate in the context of limited resources, as well as ensuring evaluation independence (the reporting line at the time was criticized due to lack of prevention of the potential conflict of interest between policy, programming and evaluation).¹¹⁷ One of the interviewees also noted that the quality of evaluations also highly depends on specific personalities and their capacities (that might not always be sufficient), but emphasized improving situation and recognized that evaluations are a useful tool to reshape existing instruments (e.g. scholarship programs¹¹⁸).¹¹⁹ The OECD DAC Mid-term reviewers acknowledged that recent measures taken (the evaluation manager now reports directly to MFA's Director of Department, evaluation plans are approved by the Council, inclusion of external experts is increased) to address DAC recommendations and ensure independence of evaluations have been appropriate.¹²⁰

Implementation of development cooperation agenda through bilateral and multilateral channels

While the biggest chunk of the Czech Republic's ODA is channelled to multilateral organisations¹²¹, the country has been criticised by OECD DAC for not effectively leveraging its financial contributions to "gain more policy influence in multilateral settings, including the EU",¹²² even though positive steps towards a more focused approach have been observed.¹²³ The Czech Republic provides the vast majority of its ODA to multilateral entities, primarily to the EU institutions: in 2018, the largest proportion of country's ODA (67%) was provided as core contributions to multilateral organisations, and on top of that 24% of remaining bilateral ODA was channeled through multilateral organisations (earmarked contributions¹²⁴), resulting only in 25% of ODA funding distributed through bilateral channels.¹²⁵ While initially during peer review OECD DAC criticised the country for not leveraging its financial contributions and not exercising influence in a multilateral setting, the mid-term review has particularly praised Czech MFA engagement within the EU and its ongoing work to make use of an existing EU funding instrument (the guarantee facility), to maximise its limited resources by blending modest ODA with EU funds.¹²⁶ Peer review recommendations regarding a more active, comprehensive and coherent manner of engagement within multilateral organisations have been also reflected in the strategy.¹²⁷ There seems to be a conscious acknowledgement, at

¹¹⁵ 2 Research interviews.

¹¹⁶ OECD (2016), *OECD Development Co-operation Peer Reviews: Czech Republic 2016*, OECD Development Co-operation Peer Reviews, OECD Publishing, Paris.

¹¹⁷ Ibid.

¹¹⁸ One of the examples of how evaluations shape policy decisions is the 2019-2024 strategy for Czech scholarships program that reflected the critical findings of evaluation of similar previous programs. OECD DAC Deputy Director, *Czech Republic Mid-term review*, 13 June.

¹¹⁹ Research interview.

¹²⁰ OECD DAC Deputy Director, *Czech Republic Mid-term review*, 13 June.

¹²¹ OECD (2020), "Czech Republic", in *Development Co-operation Profiles*, OECD Publishing, Paris.

¹²² OECD, *OECD Development Co-operation Peer Reviews: Czech Republic 2016*.

¹²³ OECD DAC Deputy Director, *Czech Republic Mid-term review*, 13 June.

¹²⁴ Earmarked contributions refer to non-core multilateral ODA or multi-bi ODA. Such funding is reported as bilateral ODA, even if it is channeled through multilateral organisations. Source: OECD DAC (2010), "DAC Statistical Reporting Directives", Development Cooperation Directorate DAC.

¹²⁵ OECD, "Czech Republic".

¹²⁶ OECD DAC Deputy Director, *Czech Republic Mid-term review*, 13 June.

¹²⁷ Ministry of Foreign Affairs of the Czech Republic (2017), "Development Cooperation Strategy of the Czech Republic 2018–2030".

least in the strategic documentation level, that the Czech Republic can play a more influential role in advancing its priority themes within the global development agenda.

OECD DAC strongly advocates for coherent synergies between multilateral and bilateral development co-operation, and there seems to be both explicit commitment by the Czech Republic and practical actions, even if modest, towards this goal. Following DAC recommendations, the Czech Republic is explicitly committed to increasing synergies between its various channels of ODA.¹²⁸ These efforts have been praised by DAC¹²⁹ and acknowledged by interviewees as a positive direction for a more effective implementation of Czech development cooperation,¹³⁰ including a more strategic approach to work through earmarked contributions to multilateral entities (multi-bi aid), however, such improvement was attributed¹³¹ solely to a strong personal leadership within a relevant department of MFA.¹³² A Mid-term review has also praised that the Czech Republic has further limited the number of multilateral organisations for deeper partnerships¹³³ and the country's efforts to link bilateral and multilateral support at country level, though it has not elaborated on particular achievements.¹³⁴ Citing difficulties in implementing bilateral programmes with modest budgets in LDC countries, OECD DAC encourages also to explore multilateral channels for increasing pledged support to selected geographic and thematic priorities with the goal of maximising impact.¹³⁵

Thematic and geographical priorities

The Czech Republic has been a consistent follower of the OECD DAC's recommendations to reduce both thematic and geographic scope, yet there is "no magic number" as one interviewee noted.¹³⁶ Addressing the concerns raised in the Special (2007)¹³⁷ and Peer reviews (2016)¹³⁸ that the Czech Republic should look for a more strategic approach to its choice of priority countries and themes, the Czech Republic has succeeded in moving from 35 recipient countries of its bilateral aid with no clarification of comparative advantages¹³⁹ to 6 priority countries with up to 3 thematic preferences for each.¹⁴⁰ Furthermore, the Czech Republic has developed five-year programmes for each priority country, outlining its strategy and reflecting partner's needs, further setting an aspiration to work towards achieving actual and sustainable impact with a limited budget.¹⁴¹ However, according to one interviewee, even the administration of currently existing projects within 6 priority countries is a challenge with limited Agency's capacities, therefore there is also an intention to have fewer but larger projects in priority countries.¹⁴² Interestingly, the same criteria for limiting geographic and thematic scope is not applied within existing private sector programme (B2B programme) and as one interviewee emphasized, given limited interest (especially when businesses are expected to contribute their own resources) all developing countries (except those that are under sanctions) should be eligible without attempts to impose priorities that might not be relevant for private companies.¹⁴³

¹²⁸ Ministry of Foreign Affairs of the Czech Republic (2017), "Development Cooperation Strategy of the Czech Republic 2018–2030".

¹²⁹ OECD DAC Deputy Director, *Czech Republic Mid-term review*, 13 June.

¹³⁰ Research interview.

¹³¹ Research interview.

¹³² Research interviews have not revealed what are the practical actions undertaken by the Czech Republic to implement strategically established aspirations for greater synergies, so the research team has not been able to gain insights on the effectiveness of use of multi-bi channels.

¹³³ In its Development cooperation strategy for 2018-2030 the Czech republic has singled out 4 international organisations and indicated that it will work strategically with them within areas where it has comparative advantage and will plan accordingly earmarked funding.

¹³⁴ And the research team did not collect additional information through interviews.

¹³⁵ OECD DAC Deputy Director, *Czech Republic Mid-term review*, 13 June.

¹³⁶ Research interview.

¹³⁷ OECD, *Special review of the Czech Republic*.

¹³⁸ OECD, *OECD Development Co-operation Peer Reviews: Czech Republic 2016*.

¹³⁹ OECD, *Special review of the Czech Republic*.

¹⁴⁰ Officially, there are 7 selection criterias: Overall state of bilateral relations between the Czech Republic and the partner country, Development relevance, added value of and need for the Czech development cooperation in the partner country, Ownership of the development process and assessment of the conditions in the country for Czech development cooperation, Sustainability and impacts of the activities, the country's interest and readiness to build a partnership for development, Coordination with other donors, including EU Joint Programming, Visibility of the Czech development cooperation. Ministry of Foreign Affairs of the Czech Republic, "Development Cooperation Strategy of the Czech Republic 2018–2030".

¹⁴¹ Czech priority partner countries programmes are publicised on the official website of Czech Development Agency - <http://www.czechaid.cz/en/our-work/where-we-work/>

¹⁴² Research interview.

¹⁴³ Research interview.

In narrowing down its geographic priorities the Czech Republic has taken deliberate and strategic effort to find balance between its interest to continue working with neighbourhood regions and global commitment to focus on LDCs, attempting to fulfill DAC recommendations to match Czech comparative advantages and partner countries developmental needs, a process yet to be perfected. Since concerns of the Special review that the Czech Republic's choices of countries are based on "historical ties and Czech strategic interests",¹⁴⁴ there has been a transformation of the process of identifying which countries Czech development cooperation should focus on, the Czech Republic attempting to reflect DAC recommendation on finding a perfect match between Czech comparative advantages and partner countries' needs. Besides criteria stated in the current Development Cooperation Strategy (that is also explicitly based on the OECD DAC recommendations),¹⁴⁵ interviewees also mentioned other criterias such as sufficient number of Czech organizations on the ground, historical ties (e.g. Ethiopia) and prospects to complement already existing or future political and business relationships building since development cooperation is also perceived as a political tool.¹⁴⁶ With these criteria in mind, and, in the words of one interviewee, eliminating countries where development cooperation was perceived as less successful, the Czech Republic has selected 3 countries from EU/Czech neighbourhood (Bosnia and Herzegovina, Moldova and Georgia) and 3 least developed countries (Ethiopia, Zambia and Cambodia), the latter decision being loudly commended by OECD DAC.¹⁴⁷ The search for balance between geographic priorities and developmental needs is commendable,¹⁴⁸ but finding the right niche approach for a relatively small donor as Czech Republic and avoiding fragmentation is crucial and requires significant efforts.

While CEE countries' transitional experience is often perceived as their natural comparative advantage to be focused on in development cooperation, the interviews with Czech stakeholders revealed that such perceptions are not fulfilled practically in Czech development cooperation making the term "transitional experience" a mere abstraction, and thus calling for a reconsideration of perceived comparative advantage and a development of a more niche approach. Czech transitional experience towards democracy and market economy has been highlighted by OECD DAC as Czech comparative advantage in development cooperation within the Western Balkans and Eastern Europe regions in both Special¹⁴⁹ and Peer¹⁵⁰ reviews, however, OECD DAC pointed out that applying the same approach in LDC countries needs clearer guidelines for an effective knowledge transfer. This criticism was starkly expanded by 2 out of 3 interviewees, who pointed out that transitional experience as Czech comparative advantage is perceived as a "buzzword" or "cliché" not only to LDCs countries but also when neighbourhood partner countries were concerned.¹⁵¹ Interviewees also noted that, despite efforts to integrate transitional experience into development cooperation policy, in practice, implementation faces certain limitations, for example, difficulties in attracting those experts who had direct work experience in implementing Czech transitional reforms, ensuring sustainability of such projects or even questioning whether specific Czech experience can be effectively transferred to partner countries.¹⁵² As for the current thematic priorities in LDC priority countries (Ethiopia,¹⁵³ Cambodia,¹⁵⁴ Zambia¹⁵⁵),

¹⁴⁴ OECD, *Special review of the Czech Republic*.

¹⁴⁵ Ministry of Foreign Affairs of the Czech Republic, "Development Cooperation Strategy of the Czech Republic 2018–2030".

¹⁴⁶ 2 Research interviews.

¹⁴⁷ OECD, *OECD Development Co-operation Peer Reviews: Czech Republic 2016*. OECD DAC Deputy Director, *Czech Republic Mid-term review*, 13 June.

¹⁴⁸ 2 Research interviews.

¹⁴⁹ OECD, *Special review of the Czech Republic*.

¹⁵⁰ OECD, *OECD Development Co-operation Peer Reviews: Czech Republic 2016*.

¹⁵¹ 2 Research interviews.

¹⁵² 2 Research interviews.

¹⁵³ Czech thematic priorities: agriculture and rural development, sustainable management of natural resources and inclusive social development (education), Ministry of Foreign Affairs of the Czech Republic (2018), "Bilateral Development Cooperation Programme of the Czech Republic: Ethiopia 2018–2023", *Ministry of Foreign Affairs of the Czech Republic*.

¹⁵⁴ Czech thematic priorities: sustainable management of natural resources and inclusive social development (healthcare and education), Ministry of Foreign Affairs of the Czech Republic (2018), "Bilateral Development Cooperation Programme of the Czech Republic Cambodia 2018–2023", *Ministry of Foreign Affairs of the Czech Republic*.

¹⁵⁵ Czech thematic priorities: Agriculture and rural development in Zambia (2018), Ministry of Foreign Affairs of the Czech Republic, "Bilateral Development Cooperation Programme of the Czech Republic: Zambia 2018–2023", *Ministry of Foreign Affairs of the Czech Republic*.

Private sector inclusion

they represent more general development thematic areas which indicate the still ongoing process of crystallizing Czech niche approach.

The Czech private sector has been a major actor in Czech Republic's development cooperation since its early stages, however, developmental intentions tended to be mixed with business promotion, according to OECD DAC.¹⁵⁶ Back in 2005, the Czech private sector received more than a half (53%) of the country's bilateral ODA and though their share has decreased, in 2018 it was still 7.3%, which is above average of DAC member states.¹⁵⁷ The topic has drawn significant attention in Czech Republic's Special (2007) and Peer (2016) reviews with clearly expressed concerns for "mixing commercial and development objectives in a way that is incompatible with DAC standards"¹⁵⁸ and the need to differentiate "businesses as aid contractors and development partners."¹⁵⁹ Though during the interviews few of the Czech stakeholders mentioned that a number of changes have been implemented and, therefore, OECD criticism might not be relevant anymore, finding a delicate balance between developmental and business goals seems still to be in progress.¹⁶⁰

There is a well-expressed aspiration (both communicated in strategic documents¹⁶⁶ and during the interviews) to attract private sector funding to Czech development cooperation, however, shifting from distributing ODA grants to encouraging businesses to invest their own resources (as promoted by OECD DAC)¹⁶² is still seen as a challenge. These aspirations have been embodied by introducing different financial instruments,¹⁶³ though interest in their usage among Czech companies were questioned by most of the interviewees.¹⁶⁴ While some perceive it as a natural process that requires long term engagement and emphasizes commitment to dedicate funding to high quality, development objectives oriented projects only,¹⁶⁵ others mention a strong need to diversify private sector actors – businesses that were previously active through Czech development cooperation funding are not necessarily interested in the new type of instruments (and developmental impact), however, existing measures might not be fit for companies (start-ups) with innovative ideas.¹⁶⁶

Being well aware of the limitations of the country's ODA finances and capacities of Czech private sector, Czech Republic is quite deliberate in their efforts to engage with the EU development financial instruments. A significant shift can be noticed in the discourse of OECD DAC reviews¹⁶⁷ - if difficulties in accessing EU funding for Czech businesses are mentioned in Special review (2007), the Mid-term review (2019) recognizes steps already taken to "catalyse Czech investment in developing countries" through EU instruments (such as European Fund for Sustainable Development). Though results of these efforts are yet to be seen, ambitions have been quite clearly expressed and such important activities as assessment of the Czech Moravian Development Bank to be eligible to receive EU funds are already in process.¹⁶⁸

¹⁵⁶ OECD, *Special review of the Czech Republic*; OECD) *OECD Development Co-operation Peer Reviews: Czech Republic 2016*.

¹⁵⁷ Bilateral ODA by channel of delivery 2018, comparison of Iceland and the Czech Republic: <https://www1.compareyourcountry.org/dev-coop-profiles/en/0/1799/default/all/68+20?embed=noHeaderDAC>

¹⁵⁸ OECD, *Special review of the Czech Republic*.

¹⁵⁹ OECD, *OECD Development Co-operation Peer Reviews: Czech Republic 2016*.

¹⁶⁰ 4 Research interviews.

¹⁶¹ Ministry of Foreign Affairs of the Czech Republic, "Development Cooperation Strategy of the Czech Republic 2018–2030".

¹⁶² OECD, *OECD Development Co-operation Peer Reviews: Czech Republic 2016*.

¹⁶³ Such as B2B program (<http://www.czechaid.cz/en/get-involved/private-sector/>), development guarantee facility launched in April 2019 (mentioned during the interview).

¹⁶⁴ 3 Research interviews. Note: private sector representatives have not been interviewed and their position is therefore not represented.

¹⁶⁵ Research interview.

¹⁶⁶ 2 Research interviews.

¹⁶⁷ OECD, *Special review of the Czech Republic*; OECD DAC Deputy Director, *Czech Republic Mid-term review, 13 June*.

¹⁶⁸ OECD DAC Deputy Director, *Czech Republic Mid-term review, 13 June*.

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APPENDIX

Data was extracted on 29 May 2020 from OECD.Stat. (<https://stats.oecd.org/>). Tables depict the latest available data (2017) at the time of research, while all averages were computed by authors of this research papers using R software environment for statistical computing and graphics.

EU countries: Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden, United Kingdom.

Nordics: Denmark, Finland, Iceland, Norway and Sweden.

CEE: Albania, Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, the Slovak Republic, Slovenia, and the three Baltic States: Estonia, Latvia and Lithuania.

OECD: Australia, Austria, Belgium, Canada, Chile, Colombia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States.

OECD DAC: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, EU, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, United Kingdom, United States.

(These countries were not included in OECD statistics)

Table A - Bilateral and multilateral ODA allocations (2017)

Provider	Bi (mln.)	Bi (%)	Multi-Bi (mln.)	Multi-Bi (%)	Multi (mln.)	Multi (%)	Sum (mln. €)
Lithuania	10.5	17.8	4.7	8.0	44.0	74.3	59.2
Latvia	2.1	6.5	2.5	7.7	27.4	85.9	31.9
Estonia	15.4	35.7	5.0	11.6	22.7	52.8	43.0
Average of Baltics	9.3	20.0	4.1	9.1	31.4	71.0	44.7
Czech Republic	69.6	22.9	11	3.6	223.6	73.5	304.1
Average of CEE	35.4	19.6	16.4	7.6	125.2	72.8	177
Iceland	39.8	58.3	14.4	21	14.1	20.7	68.3
Average of Nordics	1263.8	47.5	638.3	22.8	792.6	29.8	2694.7
Average of EU	1760.1	54.5	402.3	12.5	1068.5	33.1	3230.9
Average of OECD	3183.4	45.7	692.8	12.3	1278.7	42.1	5154.9
Average of OECD DAC	3332	46.5	787.8	13.0	1446	40.4	5565.8

Table B - ODA allocations (%) to and through multilateral organisations (2017)

Provider	UN	EU institutions	WB	Regional development banks	Other multilatera institutions
Lithuania	3.9	88.7	4.8	0.0	2.6
Latvia	4.4	87.1	5.9	0.0	2.6
Estonia	15.1	72.4	7.3	0.3	5.0
Average of Baltics	7.8	82.7	6.0	0.1	3.4
Czech Republic	14.7	78.9	3.3	0.0	3.1
Average of CEE	7.2	82.4	5.2	1.6	3.6
Iceland	64.1	0.0	26.9	3.6	5.4
Average of Nordics	47.1	16.1	20.1	5.9	10.8
Average of Nordics, excluding Iceland	42.8	20.2	18.4	6.5	12.2
Average of EU	16.3	59.5	9.6	4.43	10.2
Average of OECD	25.2	39.1	13.6	11.7	10.4
Average of OECD (EU)	19.3	57.8	10.5	5.0	7.4
Average of OECD DAC	27.7	37.3	15.0	8.3	11.7
Average of OECD DAC (EU)	21.0	54.1	11.2	5.7	8.1

Table C - ODA allocations (%) to the countries by their income (2017)

Provider	LDC	Other LIC	LMIC	UMIC	Unallocated	MADCT
Lithuania	1.0	0.0	12.9	9.6	76.4	0.0
Latvia	0.0	0.0	18.8	41.9	39.3	0.0
Estonia	8.1	0.0	26.5	3.5	61.9	0.0
Average of Baltics	3.0	0.0	19.4	18.3	59.2	0.0
Czech Republic	15.8	0.1	29.6	17.3	37.1	0.2
Average of CEE	5.85	0.0	26.62	27.5	40.0	0.02
Iceland	25.4	0.0	5.3	2.8	66.5	0.0
Average of Nordics	26.16	0.3	10.92	5.6	56.9	0.06
Average of EU	15.47	0.16	18.75	19.41	46.14	0.06
Average of OECD	20.42	0.2	22.69	14.3	42.4	0.06
Average of OECD DAC	22.85	0.2	20.78	14.3	41.8	0.07

LDC - Least Developed Countries

LIC - Low-Income countries

LMIC - Low-to-Middle-Income Country

UMIC - Upper Middle-Income Country

Unallocated - category represents flows that cannot be allocated to a geographical area (country or region).

MADCT - More advanced developing countries and territories

Table D - Bilateral ODA allocations (%) by channel of delivery (2017)

Provider	Public Sector	NGO	PPPs and networks	Multilateral organisations	Academy (Universities, research institutes or think-tanks)	Private sector	Other channels
Lithuania	59.4	3.3	2.4	31.0	3.7	0.0	0.1
Latvia	22.4	5.2	2.9	54.4	15.1	0.0	0.0
Estonia	35.4	31.7	0.1	24.5	6.4	1.9	0.0
Average of Baltics	39.1	13.4	1.8	36.6	8.4	0.6	0.0
Czech Republic	52.0	21.8	0.1	13.6	2.1	8.4	1.9
Average of CEE	55.6	10.1	0.6	28.7	2.9	1.1	1.0
Iceland	66.9	6.4	0.0	26.5	0.1	0.0	0.0
Average of Nordics	39.7	21.1	0.5	32.6	3.0	1.8	1.3
Average of EU	56.0	14.1	0.9	22.1	3.8	1.8	1.3
Average of OECD	51.3	16.3	0.8	22.6	4.2	2.8	2.0
Average of OECD DAC	50.9	17.1	0.8	21.9	3.9	3.1	2.2



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